

Message Text

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PAGE 01 STATE 031642
ORIGIN EB-02

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ARA/AND:RDRISCOLL

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FM SECSTATE WASHDC

TO USMISSION GENEVA

INFO AMEMBASSY MADRID

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FOLLOWING REPEAT SANTIAGO 1042 SENT DEPT FEB 07.

QUOTE: LIMITED OFFICIAL USE SANTIAGO 1042

E. O. 11652: N/A

TAGS: ETRD, CI

SUBJECT: CHILEAN RESTRICTIONS ON THE IMPORTATION OF TRUCKS AND
BUSES

REF: STATE 301996

1. EMBASSY HAS HAD SEVERAL INTERVIEWS WITH GOC OFFICIALS AS WELL
AS EXCHANGE OF AIDE MEMOIRES ON SUBJECT. GOC REMAINS UNWILLING
TO APPROVE EXCEPTIONS TO DENIAL OF IMPORT LICENSES FOR OTHER
THAN PEGASO TRUCKS AND BUSES.

2. EMBASSY HAS RECEIVED COPY OF PEGASO/CORFO AGREEMENT TO SUPPLY
TRUCKS AND BUSES TO CHILE. COPY BEING POUCHED ALONG WITH COPY
OF GOC AIDE MEMOIRE CONFIRMING CENTAL BANK'S REFUSAL TO APPROVE
IMPORT LICENSE FOR SIX GENERAL MOTORS LONG DISTANCE TRUCKS.

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PAGE 02 STATE 031642

3. IN RESPONSE TO QUESTIONS POSED IN PARAGRAPH 2 OF REFTTEL:

A) THERE IS APPARENTLY NO DIRECT CONNECTION BETWEEN SPANISH
71 MILLION DOLLAR EXPORT CREDIT CTO CHILE AND PEGASO DEAL-
FUNDS MAY BE USED TO IMPORT SPANISH GOODS WITHOUT RESTRICTIONS.

B) FORMER PEGASO DEAL: AGREEMENT MADE DURING UP GOVERNMENT
TO PROVIDE PEGASO KNOCKDOWN KITS TO CORFO ASSEMBLYPLANT IN

CASABLANCA (FORMERLY FORD). EMBASSY STILL TRYING TO GET COPY OF ORIGINAL AGREEMENT.

C) GOC HAS COMPLETE FLEXIBILITY REGARDING IMPORT OF PEGASO TRUCKS AND BUSES UNDER LATEST AGREEMENT AS LONG AS PURCHASES ARE COMPLETED BY THE END OF 1981. HOWEVER, LATEST GOC ESTIMATES ARE THAT SIX YEAR QUOTA OF 4,200 WILL BE FILLED BY END OF 1979, TWO YEARS BEFORE ORIGINALLY EXPECTED.

4. RE QUESTIONS CONTAINED IN PARAGRAPH 3 OF REFTEL:

A) INDEMNIFICATION AGREEMENT WAS REACHED IN JANUARY 1975. AVERAGE COPPER PRICES DURING 1974 WERE HIGH; IMPORT NEEDS WERE BASED ON 1974 FIGURES. LOW COPPER PRICES AND AUSTERITY IN 1975-76 LED TO LESSER IMPORT DEMAND.

B) CHANCES OF GETTING PEGASO TO ALTER AGREEMENT VOLUNTARILY APPEAR VERY POOR.

5. RE PARAGRAPH 4:

A) THERE IS NO CLEAR CONNECTION BETWEEN 71 MILLION DOLLAR CREDIT AND PEGASO DEAL.

B) GOC UNWILLING TO SEEK ALTERATION ALTHOUGH IT HAS RECEIVED STRONG PROTESTS FROM ALL NON-PEGASO TRUCK AND BUS IMPORTERS.

6. RE QUESTION PARAGRAPH 5:

A) RESTRICTIVE MEASURES CONCEDED BY GOC TO COMPLEMENT PEGASO/CORFO AGREEMENT.

B) GOC HAS NOT YET INFORMED GATT OF 10,000 PERCENT PRIOR IMPORT DEPOSIT REQUIREMENT, PLANS TO REPORT RESTRICTION AT GENEVA GENERAL MEETING IN MAY, GOC UNSURE AS YET WHAT ARTICLES IT WILL CITE.

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PAGE 03 STATE 031642

7. EMBASSY HAS CONFERRED WITH DIPLOMATIC COLLEAGUES IN BRITISH, GERMAN AND SWEDISH EMBASSIES REGARDING JOINT ACTION IN GATT FORUM BUT WE UNDERSTAND OF COURSE THAT INITIATIVE WILL COME FROM OUR RESPECTIVE GOVERNMENTS. POPPER
UNQUOTE VANCE

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Message Attributes

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Control Number: n/a
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Sent Date: 11-Feb-1977 12:00:00 am
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